

**CONTRACT PERIOD THROUGH DECEMBER 31, 2005**

TO: All Departments

FROM: Department of Materials Management

SUBJECT: Contract for **ACTUARIAL SERVICES CONSULTANT-RISK MANAGEMENT**

Attached to this letter is published an effective purchasing contract for products and/or services to be supplied to Maricopa County activities as awarded by Maricopa County on **December 18, 2002**.

All purchases of products and/or services listed on the attached pages of this letter are to be obtained from the vendor holding the contract. Individuals are responsible to the vendor for purchases made outside of contracts. The contract period is indicated above.

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Wes Baysinger, Director  
Materials Management

SF/mm  
Attach

Copy to: Clerk of the Board  
Peter Crowley, Risk Management  
Sharon Tohtsoni, Materials Management

(Please remove Serial 97143-RFP from your contract notebooks)

SPECIFICATIONS ON INVITATION FOR BID FOR: **ACTUARIAL SERVICES CONSULTANT-RISK MANAGEMENT**

1.0 **INTENT:**

The intent of this solicitation is to define the technical requirements for actuarial services as required by Maricopa County Risk Management Agency, to establish qualified contractors of record and award a contract agreement for providing these services. The resultant contract shall be awarded for a three (3) year period, with options for renewal/extension. The awarded contractor is required to prepare an **annual actuarial evaluation, presented in the final form, acceptable to the Manager of the Maricopa County Risk Management Agency, by August 15 of each contract year**, through the collection and evaluation of data and information. *Certain other required reports and their respective "due dates" are defined herein.* The County reserves the right to make subsequent awards to this contract as is deemed appropriate to meet the needs of the County. Respondents should understand that this solicitation activity and the resultant contract is a "requirements contract". Certain additional services may be defined as "optional" and will be clearly identified as such. No services shall be provided to the County without a valid purchase order.

**-BACKGROUND-**

The Maricopa County Risk Management Department is responsible for managing the risk management, purchased insurance and self-insurance programs of Maricopa County. Major portions of this responsibility include risk financing, contractual indemnification and insurance review and compliance, claim and litigation management, loss control/prevention, *and* environmental compliance. Maricopa County currently employs approximately 15,000 FTE's and operates on a FY operating budget of approximately \$2.3 billion.

Maricopa County began its public liability, workers' compensation and medical malpractice self-insurance programs effective July 1, 1981. The public liability program includes automobile liability; general liability including bodily injury, property damage, personal injury and employer's liability; sheriff/police liability; third-party environmental impairment; and public officials errors and omissions. The County will provide requested exposure information, historic SIR's and an insurance schedule showing current SIR/deductibles and limits per line of business.

Currently, Maricopa County's workers' compensation and unemployment claims are administered by a "third party provider". The County's public liability, property and medical malpractice claims are managed by in-house adjusters.

Maricopa County's primary medical malpractice exposure is the Maricopa Medical Center. Maricopa County contracts with the Medical Professional Associates of Arizona, P.C. (MedPro) for the provision of professional health care, clinical and academic services at the Maricopa Medical Center. By contract MedPro must purchase and maintain physician professional liability insurance for itself, and its employees and agents.

The Maricopa County Office of the County Attorney is appointed to defend most lawsuits filed against the County; however, this legal expense has not been charged against specific lawsuits since July 1995. When outside counsel is appointed, this expense is charged against specific lawsuits.

Risk Management uses CSC's Risk Master software as its' Risk Management Information System.

2.0 **TECHNICAL SPECIFICATIONS/MINIMAL PROVIDER QUALIFICATIONS:**

2.1 The Contractor shall conduct necessary research and analysis and make recommendations utilizing data and information readily available through the Maricopa County, Risk Management Department; and, such data and information will be augmented with "industry" data and information. Existing and proposed Federal and State of Arizona statutory and legal requirements and limitations and scope of current and future Maricopa County Risk Management strategic plans shall be thoroughly considered in the research, analysis and recommendations.

- 2.2 Regularly scheduled meetings will be conducted between the Contractor and Risk Management to discuss report objectives and, as work progresses, the reports' recommendations. The Contractor shall attend at least two meetings with Risk Management during the Contract's first year and one annually thereafter. ***Travel time and expense to and from Contractor's domicile or office shall not be billable.***
- 2.3 Contractor shall assist in identification, preparation and assemblage of required data and information by providing Risk Management timely, precise, necessary, clear and concise requirements including scope and format.
- 2.4 Contractor's initial written report based on data through June 30, shall be received and approved by the Risk Manager by July 25 and then finalized in bound report format by August 15. Contractor shall provide a minimum of 20 final report copies and a maximum of 30 ; however, the number required may be lowered based upon need as decided by the Risk Manager. Only the final report is required to "look professional". A subsequent, smaller report/analysis may be required for updated paid claim estimates by December 15 based on data through November 30 .  
  
***Initial summary report shall consist of the following and reports are due:***
  - a) ***The County's outstanding liabilities for actuarially calculated estimates of Maricopa County's self insured worker's compensation, general liability, automobile liability, automobile physical damage, property, medical malpractice and environmental property damage claims projected at 55%, 70% and 90% confidence levels, both discounted and undiscounted for the fiscal year just ended and a five (5) year projection.***
  - b) ***The County's projected payments for all lines of business referenced above for the fiscal ,year just ended and a five (5) year projection.***
  - c) ***Initial reports are due July 25 following the fiscal year just ended, for review. Finalized bound reports are due August 15.***
  - d) ***A subsequent report/analysis may be requested for updated projected payments by Decemeber 15, based on data that the County provides throught November 30. This report/analysis is a "duplication" of item b. above with more recent data included in the analysis.***
- 2.5 Valuation shall include paid claims and reserve funding adjustments for **prior** loss years as well as five years' projection of **future** claims and funding recommendations.
- 2.6 Contractor's annual report shall include actuarially calculated estimates of Maricopa County's self insured workers' compensation, general liability, automobile liability, automobile physical damage, property, medical malpractice and environmental property damage claims projected at 55%, 70% and 90% confidence levels.
- 2.7 Contractor's annual report shall include projections for all prior years and all future years as specified by the Risk Manager, for each claim/loss type's expected claim count, frequency, average severity, paid losses, case reserves, IBNR and recommended funding levels.
- 2.8 Upon request of the Risk Manager, Contractor shall review and prepare incurred cost estimates of proposed legislation.
- 2.9 Upon request of the Risk Manager, Contractor shall provide studies for proposed or future risk management programs utilizing appropriate actuarial and simulation methodologies.
- 2.10 Contractor shall be required to calculate, project or estimate outstanding liabilities as of June 30 of each fiscal year (July 1-June 30).

- 2.11 Projections and estimates shall include losses, with and without, the effect of discounting for future investment income at an annual rate of return as provided and approved by the Risk Manager.
- 2.12 Contractor shall specify the principals' responsible for the management of all activities during the Contract's term. Further, only one consultant shall be assigned to the entire annual report process with a designated back-up and support personnel
- 2.13 Contractor shall remove and replace personnel, with personnel satisfactory to the Maricopa County Risk Manager, assigned to the Contract who do not perform in a manner satisfactory to the Risk Manager and obtain prior approval of Contractors' personnel assigned to the Contract.
- 2.14 *The Maricopa County Risk Manager shall be the final authority in matters of policy, procedures and approval of, and relating to, the annual reports. If the Risk Manager determines the Contractor's work is unsatisfactory, either before or after the initial report or final report is issued, because it did not conform to this Contract's Scope of Work or specifications, the Contractor shall submit a revised report at the Contractor's expense within the time period required by the Risk Manager.*
- 2.15 After completion of final report, Contractor shall submit an invoice for the required reports to the Maricopa County Risk Management Department. The total due, will be in complete compliance with the fee schedule (pricing page) as stated in the contract document.
- 2.16 **CONTRACTOR/ACTUARY MINIMAL QUALIFICATIONS**
- All respondents shall meet or exceed the below listed minimal qualifications. Respondents found not meeting these minimal requirements may be deemed non-responsive and not eligible for award.*
- 2.16.1 Contractor's office staff that will primarily provide these actuarial services, to the County, shall include an *active* member of the Casualty Actuarial Society.
- 2.16.2 Shall have a national casualty actuarial resource office.
- 2.16.3 Shall have public entity actuarial experience with public entities employing no less than 10,000 FTE's.
- 2.16.4 Shall have recent (within the last one (1) calendar year) State of Arizona public entity casualty actuarial experience.
- 2.16.5 Shall have demonstrated, thorough actuarial experience within the following areas; public entity loss exposures; automobile liability and physical damage; workers' compensation; medical malpractice; property; police/sheriff liability; errors and omissions; and general liability including personal injury and employment matters.
- 2.17 TAX:
- No tax shall be levied against labor. Bid pricing to include all labor, overhead tools and equipment used, profit, and any taxes that may be levied. It is the responsibility of the Contractor to determine any and all taxes and include the same in bid price.
- 2.18 DELIVERY:
- It shall be the Contractor's responsibility to meet the County's delivery requirements, as called for in the Technical Specifications. Maricopa County reserves the right to obtain services on the open market in the event the Contractor fails to make delivery and any price differential will be charged against the Contractor.

3.0 **SPECIAL TERMS & CONDITIONS:**

3.1 CONTRACT LENGTH:

This Invitation for Bids is for awarding a firm, fixed price purchasing contract to cover a **three (3) year period.**

3.2 OPTION TO EXTEND:

The County may, at their option and with the approval of the Contractor, extend the period of this Contract up to a maximum of two (2) additional years. The Contractor shall be notified in writing by the Materials Management Department of the County's intention to extend the contract period at least thirty (30) calendar days prior to the expiration of the original contract period.

3.3 INDEMNIFICATION

3.3.1 Indemnification.

To the fullest extent permitted by law, Contractor shall defend, indemnify, and hold harmless the County, its agents, representatives, officers, directors, officials, and employees from and against all claims, damages, losses and expenses, including but not limited to attorney fees and costs, relating to this Contract.

The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of the indemnity in this paragraph.

The scope of this indemnification does not extend to the negligence of the County.

3.4 PROCUREMENT CARD ORDERING CAPABILITY:

It is the intent of Maricopa County to utilize the Bank of America MasterCard Procurement Card, or other procurement card that may be used by the County from time to time, to place and make payment for orders under the Contract. Contractors without this capability may be considered non-responsive and not eligible for award consideration.

3.5 INQUIRIES AND NOTICES:

All inquiries concerning information herein shall be addressed to:

MARICOPA COUNTY  
DEPARTMENT OF MATERIALS MANAGEMENT  
ATTN: CONTRACT ADMINISTRATION  
320 W. LINCOLN ST.  
PHOENIX, AZ 85003

Administrative telephone inquiries shall be addressed to:

STAN FISHER, SENIOR PROCUREMENT CONSULTANT, 602-506-3274  
(sfisher@mail.maricopa.gov)

Technical telephone inquiries shall be addressed to:

Samantha Wright, Maricopa County Risk Management 602-506-2827

***Inquiries may be submitted by telephone but must be followed up in writing. No oral communication is binding on Maricopa County.***

3.6 PRE-BID CONFERENCE:

**THERE WILL BE A NON-MANDATORY PRE-BID CONFERENCE HELD ON OCTOBER 29, 2002, 9:00 A.M. AT THE MARICOPA COUNTY RISK MANAGEMENT DEPARTMENT 1<sup>st</sup> FLOOR CONFERENCE ROOM, 222 N. CENTRAL AVENUE (SECURITY BUILDING) , PHOENIX, AZ 85004**

4.0 **CONTRACT TERMS AND CONDITIONS:**

4.1 LANGUAGE FOR REQUIREMENTS CONTRACTS:

Contractors signify their understanding and agreement by signing this document, that the Contract resulting from this bid will be a requirements contract. However, this Contract does not guarantee any purchases will be made. It only indicates that if purchases are made for the services contained in this Contract, they will be purchased from the Contractor awarded that item. Orders will only be placed when a need is identified by a Using Agency or department and proper authorization and documentation have been approved.

The Department of Materials Management reserves the right to cancel Purchase Orders within a reasonable period of time after issuance. Should a Purchase Order be canceled, the County agrees to reimburse the Contractor but only for actual and documentable costs incurred by the Contractor due to and after issuance of the Purchase Order. The County will not reimburse the Contractor for any costs incurred after receipt of County notice of cancellation, or for lost profits, shipment of product prior to issuance of Purchase Order, etc.

Contractors agree to accept verbal notification of cancellation from the Department of Materials Management with written notification to follow. By submitting a bid in response to the Invitation For Bids, the Contractor specifically acknowledges to be bound by this cancellation policy.

4.2 ESCALATION:

Any requests for reasonable price adjustments must be submitted thirty (30) days prior to the Contract expiration or Anniversary date. Justification for the requested adjustment in cost of labor and/or materials must be supported by appropriate documentation and fall within the PPI for the commodity. Increases are subject to approval in writing by the Materials Management Department prior to any adjusted invoicing being submitted for payment.

4.3 UNCONDITIONAL TERMINATION FOR CONVENIENCE:

Maricopa County may terminate the resultant Contract for convenience by providing sixty (60) calendar days advance notice to the Contractor.

4.4 TERMINATION FOR DEFAULT:

If the Contractor fails to meet deadlines, or fails to provide the agreed upon service/material altogether, a termination for default will be issued. The termination for default will be issued only after the County deems that the Contractor has failed to remedy the problem after being forewarned.

4.5 TERMINATION BY THE COUNTY:

If the Contractor should be adjudged bankrupt or should make a general assignment for the benefit of its creditors, or if a receiver should be appointed on account of its insolvency, the County may terminate this Contract. If the Contractor should persistently or repeatedly refuse or should fail, except in cases for which extension of time is provided, to provide enough properly skilled workers or proper materials, or persistently disregard laws and ordinances, or not proceed with work or otherwise be guilty of a substantial violation of any provision of this Contract, then the County may terminate this Contract. Prior to termination of this Contract, the County shall give

the Contractor fifteen (15) calendar days written notice. Upon receipt of such termination notice, the Contractor shall be allowed fifteen (15) calendar days to cure such deficiencies.

**4.6 STATUTORY RIGHT OF CANCELLATION FOR CONFLICT OF INTEREST:**

Notice is given that pursuant to A.R.S. § 38-511 the County may cancel this Contract without penalty or further obligation within three years after execution of the contract, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the County is at any time while the Contract or any extension of the Contract is in effect, an employee or agent of any other party to the Contract in any capacity or consultant to any other party of the Contract with respect to the subject matter of the Contract. Additionally, pursuant to A.R.S § 38-511 the County may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the County from any other party to the contract arising as the result of the Contract.

**4.7 OFFSET FOR DAMAGES;**

In addition to all other remedies at Law or Equity, the County may offset from any money due to the Contractor any amounts Contractor owes to the County for damages resulting from breach or deficiencies in performance under this contract.

**4.8 ADDITIONS/DELETIONS OF SERVICE:**

The County reserves the right to add and/or delete services to this Contract. If a service requirement is deleted, payment to the Contractor will be reduced proportionately, to the amount of service reduced in accordance with the bid price. If additional services are required from this Contract, prices for such additions will be negotiated between the Contractor and the County.

**4.9 SUBCONTRACTING:**

The Contractor may not assign this Contract or Subcontract to another party for performance of the terms and conditions hereof without the written consent of the County. All correspondence authorizing subcontracting must reference the Bid Serial Number and identify the job project.

The Subcontractor's rate for the job shall not exceed that of the Prime Contractor's rate, as bid in the pricing section, unless the Prime Contractor is willing to absorb any higher rates. The Subcontractor's invoice shall be invoiced directly to the Prime Contractor, who in turn shall pass-through the costs to the County, without mark-up. A copy of the Subcontractor's invoice must accompany the Prime Contractor's invoice.

**4.10 AMENDMENTS:**

All amendments to this Contract must be in writing and signed by both parties.

**4.11 RETENTION OF RECORDS:**

The Contractor agrees to retain all financial books, records, and other documents relevant to this Contract for five (5) years after final payment or until after the resolution of any audit questions which could be more than five (5) years, whichever is longer. The Department, Federal or State auditors and any other persons duly authorized by the Department shall have full access to, and the right to examine, copy and make use of, any and all said materials.

**4.12 ADEQUACY OF RECORDS:**

If the Contractor's books, records and other documents relevant to this Contract are not sufficient to support and document that allowable services were provided, the Contractor shall reimburse Maricopa County for the services not so adequately supported and documented.

**4.13 AUDIT DISALLOWANCES:**

If at any time it is determined by the Department that a cost for which payment has been made is a disallowed cost, the Department shall notify the Contractor in writing of the disallowance and the required course of action, which shall be at the option of the Department either to adjust any future claim submitted by the Contractor by the amount of the disallowance or to require repayment of the disallowed amount by the Contractor forthwith issuing a check payable to Maricopa County.

**4.14 VALIDITY:**

The invalidity, in whole or in part, of any provision of the Contract shall not void or affect the validity of any other provision of this Contract.

**4.15 RIGHTS IN DATA:**

The County shall have the use of data and reports resulting from this Contract without additional cost or other restriction except as may be established by law or applicable regulation. Each party shall supply to the other party, upon request, any available information that is relevant to this Contract and to the performance hereunder



**DELOITTE & TOUCHE LLP, 350 S GRAND AVENUE #200, LOS ANGELES, CA 90071**

WILLING TO ACCEPT FUTURE SOLICITATIONS VIA EMAIL: ☒ YES ☐ NO

WILL YOUR FIRM ACCEPT A PROCUREMENT CARD FOR INVOICE PAYMENT? ☒ YES ☐ NO

IF YES, MAY THE COUNTY TAKE ADVANTAGE OF DISCOUNTS OFFERED BY YOUR FIRM IN THIS BID/RFP WHEN PAYING WITH A PROCUREMENT CARD? ☐ YES ☒ NO

INTERNET ORDERING CAPABILITY: ☐ YES ☒ NO ☐ % DISCOUNT

OTHER GOV'T. AGENCIES MAY USE THIS CONTRACT: ☐ YES ☒ NO

**PRICING SHEET P089305/B0605755**

**1.0 PRICING:**

<u>ITEM DESCRIPTION</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>
1.1 Complete annual actuarial evaluation/report as defined herein.	<u>\$36,500</u>	<u>\$38,325</u>	<u>\$40,241</u>
1.2 Complete annual subsequent actuarial evaluation/report as defined herein.	<u>\$ 5,000</u>	<u>\$ 5,300</u>	<u>\$ 5,500</u>
1.3 Hourly rate for other "like" actuarial evaluations/studies.			
Principal	<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ 400</u>
Senior Manager	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ 300</u>
Senior Consultant	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 200</u>
Consultant	<u>\$ 150</u>	<u>\$ 150</u>	<u>\$ 150</u>

Terms: NET 30

Federal Tax ID Number: 13-3891517

Vendor Number: 133891517 A

Telephone Number: 213/688-0800

Fax Number: 213/688-0100

Contact Person: Rod Morris

E-mail Address: [rmorris@deloitte.com](mailto:rmorris@deloitte.com)

Company Web Site: [www.deloitte.com](http://www.deloitte.com)

Certificates of Insurance Required

Contract Period: To cover the period ending **December 31, 2005**.